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CITY OF WESTWEGO, LOUISIANA
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2013

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 15 2014

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DECEMBER 31, 2013
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INDEPENDENT AUDITOR'S REPORT

**Honorable Mayor and Members of the City Council
City of Westwego, Louisiana**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Westwego, Louisiana, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Westwego, Louisiana, as of December 31, 2013, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 4-10 and 45-49 be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Westwego, Louisiana's basic financial statements. The other supplementary information presented on page 50 and 51 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The other supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2014, on our consideration of the City of Westwego, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matter. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Westwego, Louisiana's internal control over financial reporting and compliance.

Camnetar & Co.

Camnetar & Co., CPAs

a professional accounting corporation

Gretna, Louisiana

June 30, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF WESTWEGO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013

Our discussion and analysis of the City of Westwego's financial performance provides an overview of the financial activities as of and for the fiscal year ended December 31, 2013. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Government-wide Financial Statements) provide information about the activities as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in short term as well as what remains for future spending. Fund financial statements also report the operation in more detail than the government-wide statements by providing information about the most significant funds.

Government-Wide Financial Statements

One of the most important questions asked about finances is, "Is the City of Westwego as a whole better off or worse as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information on the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in it. Net position—the difference between assets and liabilities—is one way to measure the financial health, or financial position of an entity. Over time, increases or decreases in net position is one indicator of whether the entity's financial health is improving or deteriorating. It is important to consider other nonfinancial factors, however, to assess the overall health of the City of Westwego.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the City of Westwego as a whole. Some funds are required to be established by State laws.

CITY OF WESTWEGO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013

Fund Financial Statements - continued

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

The City uses the governmental type of fund with the following accounting approach. Most of the basic services including general government, public safety, public works, sanitation, health, and recreation are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general governmental operations and the basic services it provides. Governmental funds information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are described in reconciliations immediately following the fund financial statements.

Proprietary Funds

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewerage departments. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewerage departments, which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 17-19.

CITY OF WESTWEGO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operation:

- As of December 31, 2013 assets exceeded liabilities by \$39,222,047 (net position) for the fiscal year reported.
- Total net position is comprised of the following:
 - (1) Investment in capital assets of \$36,808,048 including the cost of land, buildings, office equipment, furniture, and fixtures, and automobiles, net of accumulated depreciation reduced by outstanding bonds or notes attributable to the acquisition, construction, or improvement of those assets.
 - (2) Unrestricted net position of \$(1,057,305).
 - (3) Restricted net position of \$3,471,304 representing the portion restricted for specific purposes.
- The governmental fund reported total ending fund balance of \$3,563,606, which was classified as \$187,127 nonspendable, \$929,944 restricted, \$1,153,428 committed for future spending, \$1,075,225 assigned, and \$217,882 unassigned. This compares to the prior year ending fund balance of \$3,461,807 showing an increase of \$101,799 during the current year.
- Total spending for all governmental activities, not including transfers, was \$11,050,649 for the year, which was \$5,864,858 more than the program revenues for the activities - \$5,185,791.

The Statement of Net Position and the Statement of Activities report two types of activities - governmental and business type activities.

FINANCIAL ANALYSIS OF THE CITY OF WESTWEGO AS A WHOLE

The City's net position increased by \$670,427 as a result of this year's operations. Net position invested in capital assets absorbed most of the increase this year. The balance in net position represents the accumulated results of all past years' operations.

The City's total revenues for the year in governmental activities were \$12,647,394 (\$5,185,791 in charges for services and \$7,461,603 in general revenues). The total cost of all governmental activities, not including transfers, was \$11,050,649.

CITY OF WESTWEGO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013

The following is the City's government wide financial information for the current and prior years in condensed form. Further details regarding these statements may be found on pages 11 and 12.

CITY OF WESTWEGO, LOUISIANA CONDENSED STATEMENT OF NET POSITION
DECEMBER 31, 2013 AND 2012

	Governmental Activities 2013	Business-Type Activities 2013	Total 2013	Governmental Activities 2012	Business-Type Activities 2012	Total 2012
Assets:						
Current and other assets	\$ 4,678,524	\$ 1,746,111	\$ 6,424,635	\$ 4,358,908	\$ 1,957,504	\$ 6,316,412
Capital assets, net	<u>26,028,556</u>	<u>13,468,764</u>	<u>39,497,320</u>	<u>25,403,662</u>	<u>12,772,202</u>	<u>38,175,864</u>
Total assets	<u>30,707,080</u>	<u>15,214,875</u>	<u>45,921,955</u>	<u>29,762,570</u>	<u>14,729,706</u>	<u>44,492,276</u>
Liabilities:						
Current liabilities	1,100,293	1,712,126	2,812,419	882,451	2,126,569	3,009,020
Long term liabilities	<u>1,306,723</u>	<u>2,566,141</u>	<u>3,872,864</u>	<u>1,097,566</u>	<u>1,819,420</u>	<u>2,916,986</u>
Total liabilities	<u>2,407,016</u>	<u>4,278,267</u>	<u>6,685,283</u>	<u>1,980,017</u>	<u>3,945,989</u>	<u>5,926,006</u>
Deferred inflows of resources	<u>14,625</u>	<u>-0-</u>	<u>14,625</u>	<u>14,650</u>	<u>-0-</u>	<u>14,650</u>
Net Position:						
Invested in capital assets	26,028,556	10,779,492	36,808,048	25,403,662	10,828,572	36,232,234
Restricted	3,158,597	312,707	3,471,304	2,692,486	253,560	2,946,046
Unrestricted	<u>(901,714)</u>	<u>(155,391)</u>	<u>(1,057,305)</u>	<u>(328,245)</u>	<u>(298,415)</u>	<u>(626,660)</u>
Total net position	<u>\$28,285,439</u>	<u>\$10,936,608</u>	<u>\$39,222,047</u>	<u>\$27,767,903</u>	<u>\$10,783,717</u>	<u>\$38,551,620</u>

CITY OF WESTWEGO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013

CITY OF WESTWEGO, LOUISIANA CONDENSED STATEMENT OF ACTIVITIES
AND CHANGES IN NET POSITION
DECEMBER 31, 2013 AND 2012

	Governmental Activities 2013	Business-Type Activities 2013	Total 2013	Governmental Activities 2012	Business-Type Activities 2012	Total 2012
Revenues:						
Program revenues						
Charges for services	\$ 3,155,665	\$ 1,617,228	\$ 4,772,893	\$ 3,056,577	\$ 1,706,945	\$ 4,763,522
Operating grants, contributions and transfers in	995,148	1,079,209	2,074,357	1,435,186	608,498	2,043,684
Capital grants and contributions	1,034,978	121,025	1,156,003	1,342,004	150,000	1,492,004
General revenues						
Property taxes	1,425,347	-0-	1,425,347	1,400,571	-0-	1,400,571
Franchise taxes	274,524	-0-	274,524	240,364	-0-	240,364
Sales taxes	1,944,318	-0-	1,944,318	1,881,123	-0-	1,881,123
Alcoholic beverage tax	12,678	-0-	12,678	12,727	-0-	12,727
Boarding fee	2,054,864	-0-	2,054,864	2,164,254	-0-	2,164,254
Occupational licenses	402,153	-0-	402,153	393,762	-0-	393,762
Investment earnings	1,835	690	2,525	1,697	922	2,619
Gain (loss) on sale of assets	16,967	-0-	16,967	1,454	-0-	1,454
Miscellaneous	1,328,917	-0-	1,328,917	913,122	653,546	1,566,668
Total revenues	<u>12,647,394</u>	<u>2,818,152</u>	<u>15,465,546</u>	<u>12,842,841</u>	<u>3,119,911</u>	<u>15,962,752</u>
Expenses and transfers out:						
General government	4,010,585	-0-	4,010,585	4,018,970	-0-	4,018,970
Public safety	5,496,656	-0-	5,496,656	5,514,573	-0-	5,514,573
Public works	352,738	-0-	352,738	514,838	-0-	514,838
Sanitation	605,679	-0-	605,679	600,345	-0-	600,345
Health	326,848	-0-	326,848	274,227	-0-	274,227
Recreation	258,143	-0-	258,143	301,654	-0-	301,654
Transfers out	1,079,209	0-	1,079,209	608,498	0-	608,498
Water and sewerage	-0-	2,665,261	2,665,261	-0-	2,641,013	2,641,013
Total expenses and transfers out	<u>12,129,858</u>	<u>2,665,261</u>	<u>14,795,119</u>	<u>11,833,105</u>	<u>2,641,013</u>	<u>14,474,118</u>
Changes in net position	517,536	152,891	670,427	1,009,736	478,898	1,488,634
Net position - Beginning of Year	<u>27,767,903</u>	<u>10,783,717</u>	<u>38,551,620</u>	<u>26,758,167</u>	<u>10,304,819</u>	<u>37,062,986</u>
Net position - End of Year	<u>\$28,285,439</u>	<u>\$10,936,608</u>	<u>\$39,222,047</u>	<u>\$27,767,903</u>	<u>\$10,783,717</u>	<u>\$38,551,620</u>

CITY OF WESTWEGO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013

FINANCIAL ANALYSIS OF THE CITY OF WESTWEGO'S FUNDS

As we noted earlier, the City uses funds to help it control and manage money for particular purposes. Analysis of funds aids in considering whether the City is being accountable for the resources provided to it, but may also give you more insight into the overall financial health of the City.

As the City completed the year, its governmental fund reported a fund balance of \$3,563,606. This reflects an increase of \$101,799 from last year. This increase is the net result of increases primarily the result of insurance proceeds of \$622,743 and decreases primarily the result of increased transfer to other funds of \$470,711.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund's December 31, 2013 fund balance was revised by \$255,809. Major budget amendments were approved as follows:

- (A) Budgeted revenues were decreased by \$2,555,030. This decrease was due primarily to a net increase in police fines, parish sales tax, intergovernmental revenue and insurance reimbursement of \$1,111,625 and a net decrease in grant revenue and FEMA reimbursements of \$3,936,053.
- (B) Budgeted expenditures decreased \$2,989,474 mainly due to a decrease in capital expenditures of approximately \$3,437,887.

CAPITAL ASSETS

Capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2013 was \$26,028,556.

This year there were \$1,593,150 of additions and \$186,780 deletions to governmental activities' capital assets. More detailed information about the capital assets is presented in Note 3 to the financial statements.

DEBT

At year-end, the City of Westwego had \$83,324 of long-term compensated absences, \$1,237,268 of other post-employment benefits, and \$2,689,272 due to the Municipal Facilities Revolving Loan Fund.

CITY OF WESTWEGO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City officials considered many factors when budgeting the fiscal year rates and fees that would be charged. One of those factors is new laws and regulations.

The December 31, 2014 budget assumes there will be no significant changes in the City's operations and is based on the assumption that operating expenditures will be reduced through increased management efficiency.

Salaries are budgeted for the year ending December 31, 2014 at an increase of 2% over the year ending December 31, 2013 in anticipation of raises. The expense categories affected by payroll increases are increased accordingly. Health insurance expense is budgeted at 2013 levels for the year ending December 31, 2014 due to increased premiums being absorbed by employees. General Fund Capital expenditures are budgeted as \$6,897,506 for the year ending December 31, 2014 and grant revenue is budgeted as \$5,417,817 for the year ending December 31, 2014.

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Westwego, Louisiana's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the Honorable John I. Shaddinger, Jr., Mayor, City of Westwego, Louisiana, at phone number (504) 347-5745.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF WESTWEGO, LOUISIANA
STATEMENT OF NET POSITION
December 31, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total (Memorandum Only)</u>
ASSETS			
Cash and cash equivalents	\$ 1,744,073	\$ 203,037	\$ 1,947,110
Prepaid insurance	187,127	-0-	187,127
Receivables, net	1,400,150	262,520	1,662,670
Due from other governments	967,206	-0-	967,206
Internal balances	379,968	827,865	1,207,833
Restricted cash and cash equivalents	-0-	452,689	452,689
Capital assets, net	<u>26,028,556</u>	<u>13,468,764</u>	<u>39,497,320</u>
Total assets	<u>30,707,080</u>	<u>15,214,875</u>	<u>45,921,955</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	608,752	136,194	744,946
Accrued liabilities	491,541	91,117	582,658
Internal balances	-0-	1,207,833	1,207,833
Utility deposits	-0-	139,982	139,982
Current portion of loan payable	-0-	137,000	137,000
Non-Current Liabilities:			
Long-term accrued liabilities	69,455	13,869	83,324
Other post-employment benefits	1,237,268	-0-	1,237,268
Loans payable	<u>-0-</u>	<u>2,552,272</u>	<u>2,552,272</u>
Total liabilities	<u>2,407,016</u>	<u>4,278,267</u>	<u>6,685,283</u>
Deferred Inflows of Resources	<u>14,625</u>	<u>-0-</u>	<u>14,625</u>
NET POSITION			
Invested in capital assets	26,028,556	10,779,492	36,808,048
Restricted	3,158,597	312,707	3,471,304
Unrestricted	<u>(901,714)</u>	<u>(155,591)</u>	<u>(1,057,305)</u>
Total net position	<u>\$ 28,285,439</u>	<u>\$ 10,936,608</u>	<u>\$ 39,222,047</u>

The accompanying notes are an integral part of this statement.

CITY OF WESTWEGO, LOUISIANA
STATEMENT OF ACTIVITIES
Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total (Memorandum Only)
Governmental Activities:							
General government	\$ 4,010,585	\$ 145,174	\$ 348,256	\$ 540,851	\$(2,976,304)	\$ -0-	\$ (2,976,304)
Public safety	5,496,656	2,245,852	624,410	347,462	(2,278,932)	-0-	(2,278,932)
Public works	352,738	-0-	268	49,573	(302,897)	-0-	(302,897)
Sanitation	605,679	764,639	-0-	-0-	158,960	-0-	158,960
Health	326,848	-0-	22,214	19,797	(284,837)	-0-	(284,837)
Recreation	258,143	-0-	-0-	77,295	(180,848)	-0-	(180,848)
Total governmental activities	11,050,649	3,155,665	995,148	1,034,978	(5,864,858)	-0-	(5,864,858)
Business-Type Activities:							
Water	1,221,780	641,834	-0-	121,025	-0-	(458,921)	(458,921)
Sewerage	1,443,481	975,394	-0-	-0-	-0-	(468,087)	(468,087)
Total business-type activities	2,665,261	1,617,228	-0-	121,025	-0-	(927,008)	(927,008)
Total	13,715,910	4,772,893	995,148	1,156,003	(5,864,858)	(927,008)	(6,791,866)
General Revenues:							
Taxes:							
Property taxes					1,425,347	-0-	1,425,347
Franchise taxes					274,524	-0-	274,524
Sales taxes					1,944,318	-0-	1,944,318
Alcoholic beverage tax					12,678	-0-	12,678
Boarding fee					2,054,864	-0-	2,054,864
Occupational licenses					402,153	-0-	402,153
Investment earnings					1,835	690	2,525
Gain (Loss) on sale of assets					16,967	-0-	16,967
Miscellaneous					1,328,917	-0-	1,328,917
Transfers					(1,079,209)	1,079,209	-0-
Total general revenues and transfers					\$ 6,382,394	\$ 1,079,899	\$ 7,462,293
Changes in net position					517,536	152,891	670,427
Net position - Beginning of Year					27,767,903	10,783,717	38,551,620
Net position - End of the Year					\$28,285,439	\$ 10,936,608	\$ 39,222,047

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF WESTWEGO, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUND
December 31, 2013

ASSETS

	General Fund
Cash and cash equivalents	\$ <u>1,744,073</u>
Prepaid insurance	<u>187,127</u>
Receivables, net:	
Property taxes	436,398
Other accounts	<u>963,752</u>
	<u>1,400,150</u>
Due from other governments:	
Parish of Jefferson	479,546
State of Louisiana	485,679
U. S. Government	<u>1,981</u>
	<u>967,206</u>
Due from/to other funds, net	<u>379,968</u>
Total assets	\$ <u>4,678,524</u>

LIABILITIES, DEFERRED INFLOWS OF
RESOURCES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 608,752
Accrued liabilities	<u>491,541</u>
Total liabilities	<u>1,100,293</u>
Deferred Inflows of Resources	<u>14,625</u>
Fund balance:	
Nonspendable (prepaid insurance)	187,127
Restricted for street lighting	317,893
Restricted for public safety	424,551
Restricted for repairs from hurricane	187,500
Committed for repairs from hurricane	438,952
Committed for future spending police department	292,758
Committed for future spending public works	421,718
Assigned for Waterworks deficit	1,075,225
Unassigned	<u>217,882</u>
Total fund balance	<u>3,563,606</u>
Total liabilities, deferred inflows of resources and fund balance	\$ <u>4,678,524</u>

The accompanying notes are an integral part of this statement.

CITY OF WESTWEGO, LOUISIANA
RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
December 31, 2013

Total fund balance of the governmental fund at December 31, 2013	\$ 3,563,606
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Amounts reported for governmental activities
in the Statement of Net Position are
different because:

Capital assets used in governmental
activities are not financial resources
and, therefore, are not reported in the
governmental fund. Those assets consist of:

Land and building	22,764,076	
Machinery and equipment	<u>13,615,107</u>	
	36,379,183	
Less accumulated depreciation	<u>(10,350,627)</u>	
Capital assets, net		26,028,556

Long-term liabilities are not due and
payable in the current period and, therefore,
are not reported in the governmental funds:

Compensated absences payable	(69,455)	
Other post-employment benefits	<u>(1,237,268)</u>	<u>(1,306,723)</u>

Net position of governmental activities at December 31, 2013	<u>\$28,285,439</u>
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The accompanying notes are an integral part of this statement.

CITY OF WESTWEGO, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE-GOVERNMENTAL FUND
Year Ended December 31, 2013

	<u>General Fund</u>
Revenues:	
Taxes	\$ 3,576,357
Licenses and permits	780,849
Intergovernmental	4,217,947
Charges for services	711,081
Fines	1,997,967
Miscellaneous	<u>1,366,305</u>
Total revenues	<u>12,650,506</u>
Expenditures:	
Current:	
General government	3,532,746
Public safety	4,958,401
Public works	270,901
Sanitation	605,679
Health	308,588
Recreation	200,034
Capital outlay	<u>1,593,149</u>
Total expenditures	<u>11,469,498</u>
Excess of revenues over expenditures	1,181,008
Other financing uses:	
Transfer to Proprietary Funds	<u>1,079,209</u>
Excess of revenues over expenditures and other financing uses	<u>101,799</u>
Fund balance - beginning of year	<u>3,461,807</u>
Fund balance - end of year	<u>\$ 3,563,606</u>

The accompanying notes are an integral part of this statement.

CITY OF WESTWEGO, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2013

Total net change in fund balance at December 31, 2013 per Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund	\$ 101,799
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Amounts reported in governmental activities
in the government-wide Statement of
Activities are different because:

Governmental funds report capital
outlays as expenditures. However, in
the government-wide Statement of
Activities, the cost of those assets
is allocated over their estimated
useful lives and reported as depreciation
expense.

Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 1,593,149	
Depreciation expense for the year ended December 31, 2013	(965,143)	
Disposition of assets, net	<u>(3,113)</u>	624,893

Excess of long-term compensated absences earned over compensated absences used	(5,177)	
Increase in other post-employment benefits	<u>(203,979)</u>	<u>(209,156)</u>

Total change in net position of governmental activities	\$ <u>517,536</u>
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The accompanying notes are an integral part of this statement.

CITY OF WESTWEGO, LOUISIANA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 December 31, 2013

	Business-Type Activities Enterprise Funds		Total (Memorandum Only)
	Water	Sewerage	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 97,183	\$ 105,854	\$ 203,037
Accounts receivable - customers	95,490	167,030	262,520
Due from other funds	-0-	827,865	827,865
Total Current Assets	<u>192,673</u>	<u>1,100,749</u>	<u>1,293,422</u>
Restricted assets:			
Customers' deposits fund:			
Cash and cash equivalents	139,982	-0-	139,982
Sewer revenue bond fund:			
Cash and cash equivalents	-0-	312,707	312,707
Total Restricted Assets	<u>139,982</u>	<u>312,707</u>	<u>452,689</u>
Capital assets:			
Property, plant, and equipment, at cost less accumulated depreciation	<u>3,940,613</u>	<u>9,528,151</u>	<u>13,468,764</u>
Total Assets	<u>4,273,268</u>	<u>10,941,607</u>	<u>15,214,875</u>
LIABILITIES AND NET POSITION			
Current liabilities (payable from current assets):			
Accounts payable	42,356	93,838	136,194
Accrued liabilities	47,869	43,248	91,117
Due to other funds	1,207,833	-0-	1,207,833
Current portion of loan payable	-0-	137,000	137,000
Current liabilities (payable from restricted assets):			
Customers' deposits	<u>139,982</u>	<u>-0-</u>	<u>139,982</u>
Total Current Liabilities	<u>1,438,040</u>	<u>274,086</u>	<u>1,712,126</u>
Non-Current liabilities:			
Accrued liabilities	7,788	6,081	13,869
Loan payable	-0-	2,552,272	2,552,272
Total Non-Current Liabilities	<u>7,788</u>	<u>2,558,353</u>	<u>2,566,141</u>
Total Liabilities	<u>1,445,828</u>	<u>2,832,439</u>	<u>4,278,267</u>
Net position:			
Invested in capital assets	3,940,613	6,838,879	10,779,492
Restricted capital projects	-0-	312,707	312,707
Unrestricted (deficit)	(1,113,173)	957,582	(155,591)
Total Net Position	<u>\$ 2,827,440</u>	<u>\$ 8,109,168</u>	<u>\$10,936,608</u>

The accompanying notes are an integral part of this statement.

CITY OF WESTWEGO, LOUISIANA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 Year Ended December 31, 2013

	Business-Type Activities Enterprise Funds		Total (Memorandum Only)
	Water	Sewerage	
Operating Revenues:			
Charges for services	\$ 641,834	\$ 975,394	\$ 1,617,228
Operating Expenses:			
Salaries and wages	349,727	230,633	580,360
Security	-0-	44,362	44,362
Water purchased	12,450	-0-	12,450
Maintenance	135,097	250,230	385,327
Power	126,509	141,248	267,757
Chemicals	160,161	22,051	182,212
Medical insurance	26,339	31,136	57,475
General insurance	159,986	175,126	335,112
Truck expense	-0-	7,823	7,823
Office supplies and postage	11,601	8,337	19,938
Pension plan	52,714	28,321	81,035
Bad debts	1,796	7,565	9,361
Telephone	2,564	3,505	6,069
Tenure awards	2,325	2,050	4,375
Professional fees	59,050	59,050	118,100
Depreciation	106,370	328,424	434,794
Other	15,091	44,463	59,554
Total operating expenses	1,221,780	1,384,324	2,606,104
Net operating loss	(579,946)	(408,930)	(988,876)
Non-Operating Revenues/(Expenses):			
Interest income	272	418	690
Interfund transfer	589,659	489,550	1,079,209
Grant revenue	121,025	-0-	121,025
Interest and administrative expense	-0-	(59,157)	(59,157)
Total non-operating Revenues/(expenses)	710,956	430,811	1,141,767
Change in Net Position	131,010	21,881	152,891
Net Position-Beginning of Year	2,696,430	8,087,287	10,783,717
Net Position-End of Year	\$ 2,827,440	\$ 8,109,168	\$10,936,608

The accompanying notes are an integral part of this statement.

CITY OF WESTWEGO, LOUISIANA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 Year Ended December 31, 2013

	Business-Type Activities Enterprise Funds		Total (Memorandum Only)
	Water	Sewerage	
Cash flows from Operating Activities:			
Receipts from customers	\$ 589,956	\$ 979,833	\$ 1,569,789
Payments to suppliers	(974,669)	(770,374)	(1,745,043)
Payment to employees	(345,562)	(230,370)	(575,932)
Other receipts (payments)	<u>49,926</u>	<u>-0-</u>	<u>49,926</u>
Net cash (used) by operating activities	<u>(680,349)</u>	<u>(20,911)</u>	<u>(701,260)</u>
Cash Flows from Noncapital Financing Activities:			
Transfers from other funds	589,659	489,550	1,079,209
Decrease in due to other funds	(261,373)	-0-	(261,373)
Increase in due from other funds	<u>-0-</u>	<u>(245,346)</u>	<u>(245,346)</u>
Net cash provided by Noncapital financing activities	<u>328,286</u>	<u>244,204</u>	<u>572,490</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of property, plant, and equipment	(180,571)	(950,786)	(1,131,357)
Net proceeds/payments from capital debt	-0-	745,642	745,642
Grant revenue, insurance reimbursement, legal settlement	221,025	-0-	221,025
Interest and administrative expense paid on capital debt	<u>-0-</u>	<u>(58,051)</u>	<u>(58,051)</u>
Net cash provided (used) by capital and related financing activities	<u>40,454</u>	<u>(263,195)</u>	<u>(222,741)</u>
Cash Flows from Investing Activities:			
Interest on investments	<u>272</u>	<u>418</u>	<u>690</u>
Net cash provided by investing activities	<u>272</u>	<u>418</u>	<u>690</u>
Net decrease in cash	<u>(311,337)</u>	<u>(39,484)</u>	<u>(350,821)</u>
Cash and Cash Equivalents:			
Beginning of year	548,502	458,045	1,006,547
End of year	<u>\$ 237,165</u>	<u>\$ 418,561</u>	<u>\$ 655,726</u>
Classification of Cash at End of Year:			
Current assets	\$ 97,183	\$ 105,854	\$ 203,037
Restricted assets	<u>139,982</u>	<u>312,707</u>	<u>452,689</u>
	<u>\$ 237,165</u>	<u>\$ 418,561</u>	<u>\$ 655,726</u>
Reconciliation of Operating Loss to Net Cash provided (used) by Operating Activities:			
Operating loss	\$ (579,946)	\$ (408,930)	\$ (988,876)
Adjustments to reconcile net operating loss to net cash provided (used) by operating activities:			
Depreciation	106,370	328,424	434,794
(Increase) decrease in accounts receivable customers	(6,086)	12,004	5,918
Increase (Decrease) in accounts payable	(213,107)	45,278	(167,829)
Increase in accrued liabilities	6,490	2,313	8,803
Increase in customer deposits	<u>5,930</u>	<u>-0-</u>	<u>5,930</u>
Net cash (used) by operating activities	<u>\$ (680,349)</u>	<u>\$ (20,911)</u>	<u>\$ (701,260)</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

INTRODUCTION

The City of Westwego was incorporated January 18, 1919, under the provisions of Louisiana Revised Statutes 33:321 et. seq., which provisions are commonly known as the Lawrason Act. The City operates under a Mayor and City Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, drainage, sanitation, health, social services, recreation, public improvements, planning and zoning, and general administrative services.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The accompanying financial statements include all funds of the City of Westwego. There are no component units which are controlled by or fiscally dependent on the City which should be included to form the reporting entity. Control by or fiscal dependence on the City was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and financial accountability.

The following organizations conduct an activity entirely within the City for the benefit of the City's residents but are not considered a part of the reporting entity because the City does not exercise control over them and they are fiscally independent of the city:

Westwego Housing Authority
Westwego Volunteer Fire Company #1

B. Basis of Presentation

The accompanying basic financial statements of the City of Westwego have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

B. Basis of Presentation - continued

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include all the financial activities of the City. Information contained in these statements reflects the economic resources measurement focus on the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function, and therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the City, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements (FES)

The City uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain City functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the City are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund might be considered major if it is the primary operating fund of the City or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. At December 31, 2013, the City had only one governmental fund, its General Fund, and two proprietary funds, its Waterworks and Sewerage Enterprise Funds. The City's funds are described as follows:

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

B. Basis of Presentation - continued

Governmental Fund

General Fund - This fund is the primary operating fund of the City and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to City policy.

Proprietary Funds - Proprietary Funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses and transfers relating to the government's business-type activities are accounted for through proprietary funds. The measurement focus is on the determination of net income, financial position, and cash flows. Operating expenses include costs of services as well as materials, contracts, personnel, and dedication. The business-type activities and the proprietary fund financial statements follow guidance included in GASB Statement No. 62 - Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements.

Enterprise Funds - These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

C. Measurement Focus/Basis of Accounting - continued

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available. Taxpayer-assessed revenues, such as sales taxes, are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue of the period in which collected by merchants. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Property taxes are recognized as revenue of the year for which budgeted. The primary revenue sources that have been treated as "susceptible to accrual" under the modified accrual basis are sales taxes, grants, and various fees. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Materials and supplies are recorded as expenditures at the time of purchase. Inventory of such items on hand at year-end are not material to the financial statements.

Proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled Water and Sewerage Fund utility service receivables are recorded at year-end.

D. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data presented in the financial statements:

1. A general summary of the proposed budget is published 10 days prior to a public hearing.
2. A public hearing is conducted at City Hall to obtain taxpayer comments.

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

D. Budgets and Budgetary Accounting - continued

3. Prior to December 31, the budget is legally enacted through passage of an ordinance. In the event the budget is not adopted by December 31, the temporary budget for the ensuing year is based on 50% of the expenditures of the prior year. The original budget for the year ended December 31, 2013 is as adopted on December 10, 2012 and the amended budget as adopted on December 9, 2013.
4. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. The adopted operating budget of expenditures operates as an appropriation and amounts are available for expenditure only to the extent included within the budget. At the end of the fiscal year, the unexpended balance of each appropriation reverts to the respective fund from which it was appropriated and is subject to future appropriation. Outstanding encumbrances which are not canceled are included as part of the next year's budget.
6. The adopted operating budget may be amended in an open meeting of the Mayor and City Council. The budget amendment cannot be adopted proposing expenditures which exceed the total of estimated funds available for the fiscal year.

E. Allowance for Uncollectible Receivables

An allowance for estimated uncollectible receivables was established in prior years based on historical collection experience and other relevant circumstances. At December 31, 2013, all receivables are considered collectible and, therefore, an allowance was not required.

F. Capital Assets

Capital outlays are recorded as expenditures in the General Fund and as capital assets in the government-wide financial statements to the extent of the City's capitalization threshold of \$500. Depreciation is recorded on such assets on a straight-line basis over their estimated useful lives. Capital outlays of the Proprietary Funds are recorded as fixed assets and depreciated over their estimated useful lives on a straight-line basis for both the fund financial statements and government-wide financial statements. All fixed assets are stated at their historical cost or estimated historical cost if actual cost was not available. Donated fixed assets are stated at their estimated fair market value on the date donated.

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

G. On-Behalf Payments

Supplemental pay which is paid directly to employees of the City of Westwego by the State of Louisiana, Department of Public Safety, are recognized as intergovernmental revenue and salaries expenditure in the year in which paid. For the year ended December 31, 2013, the amount recognized as revenue and expenditure was \$273,115.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

I. Fund Balance

During the fiscal year ended December 31, 2011, the City of Westwego implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- a. Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed - amounts that can be used only for specific purposes determined by a formal decision of the City's Mayor and City Council members, which is the highest level of decision-making authority for the City.

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

I. Fund Balance - continued

- d. Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.
- e. Unassigned - all other spendable amounts.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. The City does not have a formal minimum fund balance policy.

J. Net Position

Net position comprises the various net earnings from revenues and expenses. Net position is classified in the following components:

- a. Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of assets and deferred outflows of resources less liabilities and deferred inflows of resources (net position) with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

K. New GASB Statements

During the year ending December 31, 2013, the City implemented the following GASB Statement:

Statement No. 61, The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34 modifies the requirements for the inclusion of component units in the financial reporting entity. This statement did not affect the City's financial statements.

L. Deferred Inflows of Resources

The City reports deferred inflows of resources when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows of resources also arise when resources are received by the City before it has a legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, deferred inflows of resources are removed and revenues are recognized.

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

(2) CASH AND CASH EQUIVALENTS

For financial reporting purposes, cash and cash equivalents includes petty cash and demand deposits.

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

The following is a summary of cash at December 31, 2013.

Petty cash and demand deposits:	
Unrestricted	\$ 1,947,110
Restricted	<u>452,689</u>
	\$ <u>2,399,799</u>

The collected bank balances at December 31, 2013 were \$2,528,727 of which \$377,709 was covered by federal depository insurance, and \$2,151,018 was covered by collateral held by the Federal Reserve Bank in the City's name.

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its deposit or collateral securities that are in the possession of an outside party. The City's bank balance of \$2,331,206 at December 31, 2013 is secured by pledged collateral held in joint custody. The City has no formal policy regarding custodial credit risk.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City of Westwego that the fiscal agent has failed to pay deposited funds upon demand.

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2013

(3) CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2013.

	Balance 1/1/13	Additions	Deletions	Balance 12/31/13
Governmental Activities:				
Land, improvements, and buildings	\$21,792,568	\$ 971,508	\$ -0-	\$22,764,076
Machinery and equipment	13,180,245	621,642	186,780	13,615,107
Totals	<u>34,972,813</u>	<u>1,593,150</u>	<u>186,780</u>	<u>36,379,183</u>
Less accumulated depreciation:				
Land, improvements, and buildings	2,101,074	390,606	-0-	2,491,680
Machinery and equipment	7,468,077	574,537	183,667	7,858,947
Total accumulated depreciation	<u>9,569,151</u>	<u>965,143</u>	<u>183,667</u>	<u>10,350,627</u>
Capital assets, net	<u>\$25,403,662</u>	<u>\$ 628,007</u>	<u>\$ 3,113</u>	<u>\$26,028,556</u>
Business-Type Activities:				
Land	91,433	-0-	-0-	91,433
Building	76,714	-0-	-0-	76,714
Water purification plant	4,410,128	160,310	-0-	4,570,438
Sewerage treatment plant	8,799,108	885,033	-0-	9,684,141
Water and sewerage lines	7,133,823	-0-	-0-	7,133,823
Equipment	1,763,296	86,013	-0-	1,849,309
Totals	<u>22,274,502</u>	<u>1,131,356</u>	<u>-0-</u>	<u>23,405,858</u>
Less accumulated depreciation	<u>9,502,300</u>	<u>434,794</u>	<u>-0-</u>	<u>9,937,094</u>
Capital assets, net	<u>\$12,772,202</u>	<u>\$ 696,562</u>	<u>\$ -0-</u>	<u>\$13,468,764</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 274,465
Public safety	533,572
Public works	80,674
Sanitation	-0-
Health	18,530
Recreation	57,902
	<u>\$ 965,143</u>

Estimated lives used for depreciation purposes are as follows:

Buildings	50 years
Land improvements	50 years
Water plant	50-100 years
Sewerage plant	50-100 years
Machinery and equipment	5-10 years

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

(4) RETIREMENT PLANS

Prior to 1975, Louisiana Revised Statutes 33:2220 provided for the establishment of a police pension and relief fund for the Police Department of municipalities having more than 7,500 inhabitants. Since the City met that level of inhabitants, it adopted Ordinance 734 on December 13, 1971, establishing "The City of Westwego Police Pension and Relief Fund".

In 1975, the Louisiana legislature set up a statewide municipal police retirement system giving police employees the option of that plan or the City's. On September 15, 1983 the City's plan was merged with the state pension plan which is currently known as the Municipal Police Employees' Retirement System of Louisiana. Since then, the City of Westwego Police Pension and Relief Fund has been used to account for the accumulation of resources for the payment of (1) the actuarially determined liability at the time of the merger, and (2) any liability arising due to differences between the two plans. At the time of the merger, the actuarially determined liability was \$348,317 and this amount was being paid to the Municipal Police Employees' Retirement System in quarterly installments of \$7,827, including interest at 7% per annum. During 1988, a lump-sum payment was made to the State Retirement System in full payment of the balance due. Additional liability for pensions to be paid from The City of Westwego Police Pension and Relief Fund would arise if any of the 4 employees who were merged into the state system on September 15, 1983 qualified for and elected to retire at an age younger than the minimum set by the state plan (50 years old). As of December 31, 2002, all liabilities had been paid and the fiduciary fund was eliminated.

All other full-time City employees participate in the Municipal Employees' Retirement System, State of Louisiana, or beginning July 1, 2006, the Firefighters' Retirement System, State of Louisiana.

The Municipal Police Employees' Retirement System of Louisiana, the Municipal Employees' Retirement System, State of Louisiana and the Firefighters' Retirement System of Louisiana are cost-sharing multiple employer public employees retirement systems. In addition to normal retirement benefits, the plans also provide for death and disability benefits. Benefits are established by State statutes.

Any member of the Municipal Police Employees' Retirement System is eligible for normal retirement after he has been a member of the System for one year, if he has 25 years of creditable service at any age, or has 20 years of creditable service and is age 50, or has 12 years of creditable service and is age 55. Benefit rates are 3 1/3 percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100%. Membership in the Municipal Police Employees' Retirement System is mandatory for all full-time police officers employed by the City.

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

(4) RETIREMENT PLANS - continued

Participants in the Municipal Employees' Retirement System who attain 25 or more years of creditable service can retire at any age, or at age 60 with ten years of service. Generally, the monthly retirement benefit is equal to 3 percent of the participants' final compensation multiplied by his/her years of creditable service not to exceed 100%. Final compensation is the average monthly earnings during the highest 36 months or joined months if service was interrupted. Membership in the Municipal Employees' Retirement System is mandatory for permanent employees who work at least 35 hours per week and do not participate in another public funded retirement system.

Any member of the Firefighters' Retirement System is eligible for normal retirement if he has 25 years of creditable service at any age, or has 20 years of creditable service and is age 50, or has 12 years of creditable service and is age 55. Benefit rates are 3 1/3 percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100%. Membership in the Firefighters' Retirement System is mandatory for fulltime firefighters who are employed by the City and who earn more than \$375 a month.

The City's total payroll for all employees for the year ended December 31, 2013 was \$4,937,749. The payrolls of employees covered by the pension plans, number of employees covered, contribution rates, and the actuarially determined contributions required for the three plans for the year ended December 31, 2013 were as follows:

	Municipal Police Employees' Retirement System	Municipal Employees' Retirement System	Firefighters' Retirement System
Payroll of employees covered by the plan	\$1,802,114	\$1,769,207	\$ 455,872
Number of employees covered by the plan	38	51	12
Contribution rates:			
Employee	10.00%	9.25%-9.50%	10.00%
Employer (City)	31.00%	17.00%-18.75%	24.00%-28.25%
Contributions required:			
Employee	\$ 180,211	\$ 145,514	\$ 45,587
Employer (City)	\$ 558,658	\$ 316,175	\$ 118,719

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

(4) RETIREMENT PLANS - continued

The City's total pension contribution of \$993,795 for the year ended December 31, 2013 is recorded as an expenditure or expense in the following funds: General Fund, \$912,760, Enterprise Funds, \$81,035. The City has no further liability for pension contributions after it has made the required contributions which are based upon a percent of salaries paid to covered employees. The City's 2013 contribution represented approximately .67%, 1.11%, and .25% respectively, of total contributions required of all employers participating in the Municipal Police Employees' Retirement System, the Municipal Employees' Retirement System, and the Firefighters' Retirement System.

The Municipal Police Employees' Retirement System, the Municipal Employees' Retirement System, and the Firefighters' Retirement System do not make separate measurement of assets and pension benefit obligations for individual employers. The pension benefit obligation and net assets available for benefits, valued at cost or amortized cost, for each of the three Systems as a whole, determined through actuarial valuation as of June 30, 2013, follows:

	Municipal Police Employees' Retirement System	Municipal Employees' Retirement System	Firefighters' Retirement System
Pension benefit obligation	<u>\$2,399,375,820</u>	<u>\$792,854,750</u>	<u>\$1,771,931,777</u>
Net assets available for benefits	<u>\$1,539,218,085</u>	<u>\$657,723,192</u>	<u>\$1,253,213,084</u>

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employees' retirement systems and employers.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's June 30, 2013 annual financial reports.

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

(5) PROPERTY TAXES

The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Jefferson Parish.

The tax bills are mailed to the taxpayers in November and become an enforceable lien on the property at that time. Billed taxes become delinquent on December 31. Interest at the rate of 12% per annum is added to the uncollected balance from January 1 to the date of collection.

The number of mills levied in 2013 and the purposes for which levied are shown below:

	<u>Number of mills</u> <u>2013</u>	<u>Collection</u> <u>year in</u> <u>which</u> <u>dedicated</u> <u>tax expires</u>
General corporate purposes	3.45	
Dedicated to:		
Street lighting	2.56	2021
Park maintenance and lighting	2.56	2021
Fire protection and maintenance	4.28	2021
Police Department maintenance and operations	4.28	2021
Emergency medical service maintenance and operations	6.80	2019
Total	<u>23.93</u>	

For the year 2013, all property tax revenues were accounted for in the General Fund.

(6) LITIGATION AND CLAIMS

The City is a defendant in several lawsuits claiming damages of various amounts. In the estimation of the legal advisor of the City, the ultimate resolution of these suits would not materially affect the financial statements.

Claims and litigation costs of \$76,685, determined in accordance with FASB Statement 5, were incurred during the current year, all of which have been recorded as a current expenditure in the General Fund.

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

(7) SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains two Enterprise Funds which provide water and sewerage services. Segment information for the year ended December 31, 2013 follows:

	Waterworks Fund	Sewerage Fund	Total Enterprise Funds
Operating revenues	\$ 641,834	\$ 975,394	\$ 1,617,228
Operating expenses			
Depreciation	106,370	328,424	434,794
Other expenses	1,115,410	1,055,900	2,171,310
Total operating expenses	1,221,780	1,384,324	2,606,104
Operating loss	(579,946)	(408,930)	(988,876)
Nonoperating revenues (expense)	121,297	(58,739)	62,558
Net profit (loss)	(458,649)	(467,669)	(926,318)
Transfers	589,659	489,550	1,079,209
Change in net position	131,010	21,881	152,891
Beginning net position	2,696,430	8,087,287	10,783,717
Ending net position	\$ 2,827,440	\$ 8,109,168	\$ 10,936,608

(8) INTERFUND RECEIVABLE AND PAYABLE BALANCES

The individual fund interfund receivable and payable balances as of December 31, 2013 are as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 379,968	\$ -0-
Enterprise Funds:		
Waterworks	-0-	1,207,833
Sewerage	827,865	-0-
	\$ 1,207,833	\$ 1,207,833

These balances were created for purposes of cash flows. Balances not expected to be repaid within one year are reflected on the Governmental Fund Balance Sheet as "Assigned for Waterworks Deficit".

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

(9) RELATED PARTY TRANSACTIONS

The land on which one of the fire stations of the Westwego Volunteer Fire Company is located is leased by the City to the Volunteer Fire Company for a period of ninety-nine years beginning September 13, 1954 at a rental of \$1.00 per year. The City also provides the Volunteer Fire Company the free use of several fire trucks and other vehicles and pays for certain expenditures of the Volunteer Fire Company. During 2013, the City incurred approximately \$1,019,900 of expenditures for salaries and related benefits, insurance, auto and truck expense, capital expenditures, and maintenance and operation of the Volunteer Fire Company.

(10) COMPENSATED ABSENCES

Employees of the City of Westwego earn vacation leave at the rate of 5 to 15 days per year depending upon the length of service. An employee may accumulate up to twenty days vacation leave which can be carried over to successive years.

Employees of the City of Westwego earn sick leave at the rate of 5 to 20 days per year depending on the length of service. An employee may accumulate up to twenty-five days sick leave and may carry over sick leave into succeeding service years.

Sick leave benefits available to Police and Fire Department employees are in accordance with governing state statutes.

(11) NON-CURRENT LIABILITIES - LOANS PAYABLE

In December 2007, the City entered into a loan agreement with the Louisiana Department of Environmental Quality "DEQ" for a loan from the Municipal Facilities Revolving Loan Fund ("State Revolving Fund"). The purpose of this loan is to finance a portion of the cost of construction, acquisition, and improvements to the wastewater collection, treatment, and disposal system for the City. The City was authorized to incur debt by the issuance of Sewer Revenue Bonds, series 2007 in an amount not to exceed Two Million Five Hundred Thousand Dollars (\$2,500,000) which are issued under the authority of Sections 2078 through 2088, inclusive of Title 30 of the LRS of 1950 and other constitutional and statutory authority. These bonds are to be purchased by "DEQ" using available moneys in the State Revolving Fund. Payment began in 2008 and the last payment will be December 1, 2029. The bonds bear interest at a rate of 2.45% per annum, plus a 0.50% annual administration fee.

CITY OF WESTWEGO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

(11) NON-CURRENT LIABILITIES - LOANS PAYABLE - continued

As of December 31, 2013, the City has a balance of \$1,748,935 and that liability is reflected on the Statement of Net Position as current portion of loan payable - \$85,000 and Non-Current Liabilities: - loans payable \$1,663,935.

In December 2011, the City entered into a loan agreement with the Louisiana Department of Environmental Quality "DEQ" for a loan from the Clean Water State Revolving Loan Fund ("State Revolving Fund"). The purpose of this loan is to finance a portion of the cost of additions and improvements to the wastewater collection, treatment, and disposal system for the City. The City was authorized to incur debt by the issuance of Sales Tax Bonds, series 2011 in an amount not to exceed One Million One Hundred Fifty Thousand Dollars (\$1,150,000) which are issued under the provisions of (i) Section 2304 of Title 30 and (ii) Section 1430 of Title 39 of the LRS of 1950, as amended and other constitutional and statutory authority. These bonds are to be purchased by "DEQ" using available moneys in the State Revolving Fund. Payment began in 2012 and the last payment will be May 1, 2033. The bonds bear interest at a rate of .45% per annum, plus a 0.50% annual administration fee.

As of December 31, 2013, the City has drawn down \$940,337 and that liability is reflected on the Statement of Net Position as current portion of loan payable - \$52,000 and Non-Current Liabilities: - loans payable \$888,337.

(12) LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations transactions for the year ended December 31, 2013:

	Balance 1/01/13	Additions (Reductions)	Balance 12/31/13	Due within one year
State Revolving Fund-2007	\$1,833,935	\$ (85,000)	\$1,748,935	\$ 85,000
State Revolving Fund-2011	109,695	830,642	940,337	52,000
Compensated absences	77,067	6,257	83,324	-0-
Other post-employment Benefits	1,033,289	203,979	1,237,268	-0-
Total	<u>\$3,053,986</u>	<u>\$ 955,878</u>	<u>\$4,009,864</u>	<u>\$ 137,000</u>

CITY OF WESTWEGO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

(12) LONG-TERM OBLIGATIONS - continued

The annual requirements to maturity for the State Revolving Loans as of December 31, 2013 are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest & Fees</u>
2014	137,000	65,274
2015	143,000	71,080
2016	144,000	67,206
2017	149,000	63,318
2018	155,000	59,257
2019-2033	<u>1,961,272</u>	<u>352,410</u>
	<u>\$2,689,272</u>	<u>\$ 678,545</u>

(13) HEALTH CARE AND LIFE INSURANCE BENEFITS

In accordance with the Employee Handbook, the City of Westwego provides certain health care and life insurance benefits for its active and retired employees. The City recognizes the cost of providing these benefits (the City's portion of premiums) as an expenditure when the monthly premiums are due. Retirees are eligible for these benefits if they retire from the City of Westwego with at least ten years of service. The City pays more than 50% of the retiree's premium for these benefits.

(14) OTHER POST-EMPLOYMENT BENEFITS

Plan Description. The City of Westwego's medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement providing they have at least ten years of service with the City of Westwego at retirement.

CITY OF WESTWEGO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

(14) OTHER POST-EMPLOYMENT BENEFITS - continued

The employees are covered by one of three retirement systems: first, the Municipal Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service; second, the Municipal Police Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service; and, third, the Firefighters' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service. Complete plan provisions are included in the official plan documents.

Contribution Rates. Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy. Until 2009, the City of Westwego recognized the cost of providing post-employment medical benefits (the City of Westwego's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and, thus, financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2013 and 2012, the City's portion of health care funding cost for retired employees totaled \$114,014 and \$152,269, respectively.

Effective January 1, 2009, the City of Westwego implemented Governmental Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

CITY OF WESTWEGO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

(14) OTHER POST-EMPLOYMENT BENEFITS - continued

Annual Required Contribution. The City of Westwego's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	<u>2013</u>	<u>2012</u>
Normal Cost	\$134,523	\$143,876
30-year UAL amortization amount	<u>201,894</u>	<u>266,421</u>
Annual required contribution (ARC)	<u>\$336,417</u>	<u>\$410,297</u>

Net Post-employment Benefit Obligation (Asset). The table below shows the City of Westwego's Net Other Post-employment Benefit (OPEB) Obligation for fiscal year ending December 31:

	<u>2013</u>	<u>2012</u>
Beginning Net OPEB Obligation	<u>\$1,033,289</u>	<u>\$789,335</u>
Annual required contribution	336,417	410,297
Interest on Net OPEB Obligation	41,331	31,573
ARC Adjustment	<u>(59,755)</u>	<u>(45,647)</u>
OPEB Cost	317,993	396,223
Contribution	=0=	-0-
Current year retiree premium	<u>(114,014)</u>	<u>(152,269)</u>
Change in Net OPEB Obligation	<u>203,979</u>	<u>243,954</u>
Ending Net OPEB Obligation	<u>\$1,237,268</u>	<u>\$1,033,289</u>

CITY OF WESTWEGO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

(14) OTHER POST-EMPLOYMENT BENEFITS - continued

The following table shows the City of Westwego's annual post-employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability for the last two years and this year:

Post Employment Benefit	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation (Asset)
Medical	December 31, 2013	\$317,993	35.85%	\$1,237,268
Medical	December 31, 2012	\$396,223	38.43%	\$1,033,289
Medical	December 31, 2011	\$384,789	36.64%	\$769,335

Funded Status and Funding Progress. In 2013 and 2012, the City of Westwego made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the January 1, 2013 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2013 was \$3,630,763, which is defined as that portion, as determined by a particular actuarial cost method (the City of Westwego uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

	2013	2012
Actuarial Accrued Liability (AAL)	\$3,630,763	\$4,606,905
Actuarial Value of Plan Assets (AVP)	0	0
Unfunded Act. Accrued Liability (UAAL)	\$3,630,763	\$4,606,905
Funded Ratio (AVP/AAL)	0.0%	0.0%
Covered Payroll (active plan members)	\$4,664,633	\$4,353,782
UAAL as a percentage of covered payroll	77.84%	105.81%

CITY OF WESTWEGO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

(14) OTHER POST-EMPLOYMENT BENEFITS - continued

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City of Westwego and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City of Westwego and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City of Westwego and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method. The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Actuarial Value of Plan Assets. There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45, will be used.

CITY OF WESTWEGO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

(14) OTHER POST-EMPLOYMENT BENEFITS - continued

Turnover Rate. An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 12%. In addition, based on past experience, it has been assumed that 20% of retirees decline coverage upon Medicare eligibility (at age 65).

Post-employment Benefit Plan Eligibility Requirements. Based on past experience and retirement patterns, it has been assumed that entitlement to employer-paid retiree medical benefits will commence five years after D.R.O.P. entry, (three years in D.R.O.P., and two additional years). Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate). GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate. The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, was used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

CITY OF WESTWEGO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

(14) OTHER POST-EMPLOYMENT BENEFITS - continued

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the retiree portion of the coverage (not dependents) for employees retiring with at least 10 years of service with the City of Westwego. The rates provided for coverage prior to age 65 are blended. Since unblended rates are required by GASB 45, we have estimated the unblended pre-age 65 rates to be 130% of the blended rates.

Inflation Rate. Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases. This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases. The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

Below is a summary of OPEB cost and contributions for the last three fiscal calendar years.

OPEB Costs and Contributions			
	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
OPEB Cost	\$384,789	\$396,223	\$317,993
Contribution	0	0	0
Retiree premium	140,990	152,269	114,014
Total contribution and premium	<u>140,990</u>	<u>152,269</u>	<u>114,014</u>
Changes in Net OPEB obligation	<u>\$243,799</u>	<u>\$243,954</u>	<u>\$203,979</u>
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	36.64%	38.43%	35.85%

CITY OF WESTWEGO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

(15) DEFERRED INFLOWS OF RESOURCES

Activity for deferred inflows of resources during the year ended December 31, 2013 was as follows:

<u>Description</u>	<u>Balance</u> <u>January 1, 2013</u>	<u>Generated</u>	<u>Utilized</u>	<u>Balance</u> <u>December 31, 2013</u>
Governmental Activities:				
General Fund:				
Sale of 2013 Brake Tags	\$ <u>14,650</u>	\$ <u>14,625</u>	\$ <u>14,650</u>	\$ <u>14,625</u>

(16) SUBSEQUENT EVENTS

Management of the City of Westwego has evaluated subsequent events through June 30, 2014 the date which the financial statements were available to be issued. The City is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WESTWEGO, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 2013

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 3,273,114	\$ 3,561,134	\$ 3,576,357	\$ 15,223
Licenses and permits	735,766	768,121	780,849	12,728
Intergovernmental	7,339,172	3,853,449	4,217,947	364,498
Charges for services	705,923	710,811	711,081	270
Fines	1,823,283	2,002,613	1,997,967	(4,646)
Miscellaneous	637,894	1,063,994	1,366,305	302,311
Total revenues	14,515,152	11,960,122	12,650,506	690,384
Expenditures:				
General government	3,226,353	3,638,862	3,532,746	106,116
Public safety	4,952,936	4,973,443	4,958,401	15,042
Public works	284,697	262,972	270,901	(7,929)
Sanitation	596,319	603,028	605,679	(2,651)
Health	246,277	310,210	308,588	1,622
Recreation	234,144	200,624	200,034	590
Capital outlay	5,102,684	1,664,797	1,593,149	71,648
Total expenditures	14,643,410	11,653,936	11,469,498	184,438
Excess (deficiency) of revenues over expenditures	(128,258)	306,186	1,181,008	874,822
Other financing uses:				
Transfers to Proprietary Funds	893,074	1,079,209	1,079,209	-0-
Debt service interest	7,500	-0-	-0-	-0-
Total other financing uses	900,574	1,079,209	1,079,209	-0-
Excess (deficiency) of revenues over expenditures and other financing uses	(1,028,832)	(773,023)	101,799	874,822
Fund balance at beginning of year	2,171,162	3,461,807	3,461,807	-0-
Fund balance at end of year	\$ 1,142,330	\$ 2,688,784	\$ 3,563,606	\$ 874,822

CITY OF WESTWEGO, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS)
Year Ended December 31, 2013

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive(Negative)
<u>General Government</u>				
Personal services:				
City Council	\$ 81,881	\$ 82,537	\$ 83,088	\$ (551)
Accounting and auditing	80,000	110,106	118,106	(8,000)
City administrator	67,063	67,599	68,050	(451)
City superintendent	81,501	97,645	102,052	(4,407)
Legal	50,000	50,000	44,564	5,436
Magistrate	9,000	9,000	9,035	(35)
Field Supervisor	56,529	60,561	60,760	(199)
Office	343,144	342,652	352,291	(9,639)
Tourism	14,453	16,285	16,414	(129)
Museum	27,716	28,748	29,039	(291)
Total	811,287	865,133	883,399	(18,266)
<u>Other:</u>				
Advertising	1,880	3,320	3,474	(154)
Automobile expense	113,804	89,335	90,972	(1,637)
Bad debts	40,342	40,227	46,539	(6,312)
Casualty insurance	758,197	756,193	717,001	39,192
Contribution to employees' pension plan	239,089	234,890	235,141	(251)
Hospitalization insurance for employees	645,935	638,194	650,529	(12,335)
Office supplies, expense and postage	115,316	140,938	140,594	344
Other	203,597	419,971	334,545	85,426
Tenure awards	16,675	16,675	17,500	(825)
Lawsuit - settlement and legal fees	50,000	50,000	32,121	17,879
Farmers and fisheries market	214,551	147,385	145,707	1,678
Sala Avenue project	15,680	19,873	18,760	1,113
Performing Arts Center operations	-0-	216,728	216,464	264
Total	2,415,066	2,773,729	2,649,347	124,382
Total general government	3,226,353	3,638,862	3,532,746	106,116

CITY OF WESTWEGO, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS)- CONTINUED
Year Ended December 31, 2013

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive(Negative)
Public Safety				
Personal services:				
Air condition and heating inspector	\$ 9,600	\$ 9,600	\$ 9,600	\$ -0-
Arson investigator	4,800	4,800	4,800	-0-
Building inspector	12,900	12,900	12,900	-0-
Electrical inspector	-0-	3,000	3,000	-0-
Fire chief	9,600	9,600	9,600	-0-
Firemen	512,561	507,568	503,835	3,733
Fire Dept.. training officer	1,800	1,800	-0-	1,800
Plumbing inspector	6,000	6,000	6,000	-0-
Police chief's salary and expense	73,063	73,599	74,050	(451)
Policemen	2,064,472	2,054,164	2,059,211	(5,047)
Clerk of court office	75,807	77,144	88,695	(11,551)
Emergency medical technicians	410,459	411,432	422,337	(10,905)
Code enforcer	73,616	74,580	70,730	3,850
Civil service secretary	6,600	6,600	6,625	(25)
Zoning Board secretary	500	400	200	200
Total	3,261,778	3,253,187	3,271,583	(18,396)
Other:				
Auto and truck expenses, Fire Department	54,952	91,854	72,573	19,281
Auto expenses, Police Department	273,779	224,125	222,210	1,915
Fire Department maintenance and operation	125,117	119,734	117,077	2,657
Police Department maintenance and operation	294,424	307,597	311,647	(4,050)
Firefighters pension contributions	123,117	118,798	118,719	79
Police pension contributions	561,139	560,572	558,900	1,672
Police witness fees	275	780	800	(20)
Signs	8,186	3,659	4,874	(1,215)
Street and flood light electricity	119,169	137,377	136,544	833
Emergency medical service expense	76,217	88,966	77,550	11,416
Fire insurance rebate	44,775	51,414	51,414	-0-
Code enforcement	8,908	14,680	14,510	170
Zoning Board Advisory Board	1,100	700	-0-	700
Total	1,691,158	1,720,256	1,686,818	33,438
Total public safety	4,952,936	4,973,443	4,958,401	15,042

CITY OF WESTWEGO, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS) - CONTINUED
Year Ended December 31, 2013

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive(Negative)
<u>Public Works</u>				
Personal Services:				
Maintenance shop	\$ 32,159	\$ 26,061	\$ 26,889	\$ (828)
Labor crews	147,372	150,014	155,722	(5,708)
Total	179,531	176,075	182,611	(6,536)
Other:				
Auto, truck, and equipment expenses	40,137	28,312	26,964	1,348
Materials, supplies, and pipe	4,147	9,307	9,695	(388)
Miscellaneous maintenance	60,882	49,278	51,631	(2,353)
Total	105,166	86,897	88,290	(1,393)
Total public works	284,697	262,972	270,901	(7,929)
<u>Sanitation</u>				
Other:				
Solid waste disposal expenses	596,319	603,028	605,679	(2,651)
<u>Health</u>				
Personal Services:				
Social services	91,052	106,311	105,315	996
Other:				
Social services	92,313	132,980	133,979	(999)
Other	62,912	70,919	69,294	1,625
Total	155,225	203,899	203,273	626
Total health	246,277	310,210	308,588	1,622

CITY OF WESTWEGO, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS) - CONTINUED
Year Ended December 31, 2013

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Recreation</u>				
Personal Services:				
Playground director	\$ 25,946	\$ 26,020	\$ 24,104	\$ 1,916
Playground assistant directors	11,345	11,160	11,600	(440)
Playground upkeep	64,535	55,880	58,584	(2,704)
Total	101,826	93,060	94,288	(1,228)
Other:				
Park maintenance and lighting	96,431	85,206	85,001	205
Playground sports equipment	35,887	22,358	20,745	1,613
Total	132,318	107,564	105,746	1,818
Total recreation	234,144	200,624	200,034	590
Capital outlays	5,102,684	1,664,797	1,593,149	71,648
Total expenditures	14,643,410	11,653,936	11,469,498	184,438
<u>Other financing uses</u>				
Transfers to Proprietary Funds	893,074	1,079,209	1,079,209	-0-
Debt service interest	7,500	-0-	-0-	-0-
Total other financing uses	900,574	1,079,209	1,079,209	-0-
Total expenditures and other financing uses	\$15,543,984	\$12,733,145	\$12,548,707	\$ 184,438

OTHER SUPPLEMENTARY INFORMATION

CITY OF WESTWEGO, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO MEMBERS
OF THE CITY COUNCIL
Year Ended December 31, 2013

<u>Councilmember</u>	<u>Salary</u>
Glenn Green	\$ 16,420
Johnny S. Nobles, Jr.	8,386
Ted J. Munch	8,519
Norman J. Fonseca	8,386
Ivy Rogers	8,034
Garrison J. Toups	8,892
Melvin J. Guidry	8,035
Larry J. Warino, Sr.	<u>16,416</u>
	\$ <u>83,088</u>

CITY OF WESTWEGO, LOUISIANA
SCHEDULE OF FUNDING PROGRESS FOR
CITY OF WESTWEGO'S OPEB PLAN
DECEMBER 31, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll {(b-a/c)}
Medical December 31, 2013	\$ -	\$ 3,630,763	\$ 3,630,763	- %	\$ 4,664,633	77.84%
Medical December 31, 2012	\$ -	\$ 4,606,905	\$ 4,606,905	- %	\$ 4,353,782	105.81%
Medical December 31, 2011	\$ -	\$ 4,429,716	\$ 4,429,716	- %	\$ 4,212,018	105.17%

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members of the City Council
City of Westwego, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the City of Westwego, Louisiana (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 30, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we considered to be significant deficiencies, 2013-1 to 2013-5

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's Response to Findings

City of Westwego, Louisiana's response to the findings identified in or audit is described in the accompanying schedule of findings and questioned cost. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Council, City Management, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Camnetar & Co.

Camnetar & Co., CPAs
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Gretna, Louisiana

June 30, 2014, except for additional testing and findings described in the paragraph above as to which date is September 15, 2014

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Honorable Mayor and Members of the City Council
City of Westwego, Louisiana.

Report on Compliance for Each Major Federal Program

We have audited the City of Westwego, Louisiana's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with the type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with the type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is intended solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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Gretna, Louisiana

June 30, 2014

CITY OF WESTWEGO, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2013

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
Passed through Louisiana Commission on Law Enforcement:			
Victim Assistance Program	16.575	C11-7-029	\$ 11,970
Criminal Patrols	16.738	B12-7-017	11,000
Multi Jurisdictional Task Force	16.738	B12-7-005	6,450
Multi Jurisdictional Task Force	16.738	2013DJ011423	990
			<u>30,410</u>
Passed through Louisiana Highway Safety Commission:			
Police Traffic Services	20.601, 20.205, 20.600 & 20.607	2012-30-60FFY13	38,690
Safety Information System Improvements	20.610	2013-40-51	48,198
			<u>86,888</u>
Passed through Jefferson Parish Office of Homeland Security and Emergency Preparedness			
Governors Office of Homeland Security and Emergency Preparedness	97.042	EMW-2011- SS-00124-501	8,954
Governors Office of Homeland Security and Emergency Preparedness	97.042	2010-SS-TO-0043	8,210
			<u>17,164</u>
United State Department of Justice			
BJA 09 Recovery Act	16.804	2009-5B-B9-1838	869
DEA Funds			17,441
			<u>18,310</u>
Department of Homeland Security			
Disaster Grants Public Assistance Hurricane Issac	97.036	PA-06-LA-4080	174,938
Environmental Protection Agency			
Passed through Louisiana Department of Environmental Quality "DEQ":			
Municipal Facilities Revolving Loan Fund ("State Revolving Fund")	66.458	CS 221770.01	880,329
Total expenditures of federal awards			<u>\$1,208,039</u>

CITY OF WESTWEGO, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2013

NOTE A - FISCAL PERIOD AUDITED

Single audit testing procedures were performed for program transactions occurring during the year ended December 31, 2013. Federal financial assistance received during the year did meet the criteria set forth in the Single Audit Act and OMB Circular A-133. Grant terms are indicated in the Schedule of Expenditures of Federal Awards.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the City has met the qualifications for the respective grants. Costs incurred in programs partially funded by federal grants are applied against federal grant funds to the extent of revenue available when they properly apply to the grant.

CITY OF WESTWEGO, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(As Reissued)
FOR THE YEAR ENDED DECEMBER 31, 2013

We have audited the general purpose financial statements of the City of Westwego, Louisiana as of and for the year ended December 31, 2013, and have issued our report thereon dated June 30, 2014. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of OMB Circular A-133. Our audit of the financial statements as of December 31, 2013 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements.

Internal Control

Material Weaknesses ☐ Yes ☒ No Significant Deficiencies ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

b. Federal Awards

Internal Control

Material Weaknesses ☐ Yes ☒ No Significant Deficiencies ☐ Yes ☒ No

Type of Opinion on Compliance
For Major Programs

Unqualified ☒
Disclaimer ☐

Qualified ☐
Adverse ☐

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?

☐ Yes ☒ No

c. Identification of Major Programs:

- LA "DEQ" Municipal Facilities Revolving Loan Fund

Dollar threshold used to distinguish between Type A and Type B Programs: \$300,000

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? ☐ Yes ☒ No

Section II Financial Statement Findings

A – Issues of Noncompliance

NONE

CITY OF WESTWEGO, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
(As Reissued)
FOR THE YEAR ENDED DECEMBER 31, 2013

Section II Financial Statement Findings (Continued)

B – Significant Deficiencies

2013-1 Policies and Procedures for Senior Center

With regards to its City's Senior Center the City has not formally adopted policies that will provide clear guidance to the Center's management as to which of the Center's activities are allowed and which are prohibited. We recommend the City develop and formally adopt such policies.

Management's Response: We are currently working with the Senior Center Coordinator and the Senior Advisory Committee to prepare guidelines for the operation of the Center.

2013-2 Time card supervisory personnel procedure

The City does not have a procedure in place to document approval of time cards of supervisory personnel. We recommend that time cards of all personnel be reviewed by an appropriate supervisor and that review be documented.

Management's Response: We are currently documenting approval of supervisory personnel timecards

2013-3 Ethical conduct controls

The City does not have adequate controls in place, including a written ethics policy, to help ensure the ethical conduct of its public officials and employees. We recommend the City adopt a written ethics policy to help ensure the ethical conduct of its public officials and employees. The policy should include the requirement to maintain evidence that the ethics training, as required by state statute, was received, understood, and will be abided by its public officials and employees.

Management's Response: We are currently working to develop a formal ethics policy for The City which will include a requirement that employees adhere to The Louisiana Code of Ethics and sign a statement annually that they understand and will abide by it. We will continue to collect the documentation that all employees receive the annual ethics training.

CITY OF WESTWEGO, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
(As Reissued)
FOR THE YEAR ENDED DECEMBER 31, 2013

Section II Financial Statement Findings (Continued)

B – Significant Deficiencies (Continued)

2013-4 Organizational Chart and job descriptions

The City does not have a formal organization chart or updated job descriptions for all City personnel. We recommend the City develop an organization chart and update job descriptions for all city personnel.

Management's Response: We have developed an organization chart for the City and are currently updating it.

2013-5 Payroll compensatory time controls

The City's policy regarding accumulation of compensatory overtime requires that no more than 240 hours be accumulated. There are indications that this policy was not being adhered to due to inadequate monitoring of the policy. We recommend that the City assign a responsible person to monitor the policy and to notify any employee and his supervisor when they have reached their maximum accumulated hours.

Management's Response: We have assigned the task of monitoring accumulated leave to The Deputy City Clerk for compliance with the City's policy of accumulating no more than 240 hours.

Section III Federal Award Findings and Questioned Costs

NONE

**CITY OF WESTWEGO, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Section I Internal Control and Compliance Material to the Financial Statements

2012-1 Donation of public funds-The City transferred donated funds to a non-profit organization to be used for activities of the Westwego Senior Center. (Resolved)

Section II Internal Control and Compliance Material to Federal Awards

NONE

Section III Management Letter

NONE